

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
FISCAL YEAR 2017 OPERATING BUDGET TESTIMONY
April 12, 2016**

INTRODUCTION

Good morning, President Clarke and members of City Council. I am Melissa Long, Deputy Director of the Office of Housing and Community Development (OHCD). I am here today to present testimony on OHCD's proposed general fund Operating Budget for Fiscal Year 2017. The proposed combined Operating Budget under the Community Development Fund, Grants Revenue Fund, Housing Trust Fund, and General Fund will be presented in the spring to the Finance Committee in its hearing on the *Consolidated Plan* ordinance. That hearing will authorize the submission to the US Department of Housing and Urban Development (HUD) of the *Consolidated Plan*, which includes the budget for the Community Development Block Grant (CDBG) and other housing programs for Fiscal Year 2017 (CDBG Year 42).

DEPARTMENT MISSION/PLANS

Mission:

The Office of Housing and Community Development's (OHCD) mission is to strategically align housing and community development resources and programs to prevent homelessness by keeping people in their homes; increase affordable housing by producing new affordable housing units; strengthen communities by eliminating blight and promoting neighborhood planning; and creating jobs by attracting and retaining businesses.

Plans for FY17: The Year 42 total allocation of CDBG, HOME and HOPWA from HUD to OHCD is \$54,491,000. These resources will support programs consistent with the City's housing and community development priorities to serve low- and moderate-income individuals and families and to revitalize neighborhoods. Our programs strive to:

- Prevent homelessness by keeping people in their homes
- Increase the supply of affordable housing units
- Eliminate blight and promote neighborhood planning
- Create jobs by attracting and retaining businesses

One of the biggest challenges facing OHCD remains the significant reduction of more than \$45 million annually in federal and state resources over the last 14 years – making General Fund support critical to meeting the City's priorities.

The proposed FY 2017 General Fund budget allocates \$2,865,000 to OHCD. This funding includes \$2.39 million to support the vacant land stabilization and maintenance activities of the Philadelphia LandCare program; \$345,000 to support North Central Choice neighborhood; and \$130,000 to support the Settlement Grant and Tangled Title Programs.

In FY 2017, a total of \$2.39 million will support the Philadelphia LandCare Program through the Pennsylvania Horticultural Society (PHS) to stabilize and maintain nearly 9,000 of the 40,000 vacant lots in Philadelphia. This award-winning national best-practice model creates jobs, raises property values, reduces crime, and promotes new development. In FY 2016, PHS launched the ReEntry Initiative. This innovative program provides citizens returning from incarceration with marketable skills and an opportunity to work for landscape services contractors. To date, a total of 27 returning citizens have been trained, hired, and supported through this program and 2,000 additional lots are now cleaned and maintained as green community assets.

In addition, a total of \$30,000 in FY 2017 will support average grants of \$1,100 per household for low-income homeowners to obtain a clear title to their home. A total of \$100,000 for Settlement Assistance Grants of up to \$500 per household will assist income-eligible homebuyers to pay for closing costs.

OHCD will return to City Council this spring to present the complete Fiscal Year 2017 proposed budget as a part of the *Consolidated Plan* hearing.

I am happy to answer any questions from City Council on our proposed budget.

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
BUDGET SUMMARY AND OTHER BUDGET DRIVERS**

Staff Demographics Summary (as of January 2016)

	Total	Minority	White	Female
Full-Time Staff	47	34	13	31
Executive Staff	1	0	1	1
Average Salary - FTS	\$62,334	\$58,295	\$72,898	\$58,672
Average Salary - ES	\$115,635	\$0	\$115,635	\$115,635
Median Salary - FTS	\$60,888	\$56,633	\$72,407	\$57,518
Median Salary - ES	\$115,635	\$0	\$115,635	\$115,635

Employment Levels (as of January 2016)

	Budgeted	Approved	Filled
Full-Time Positions	50	50	47
Part-Time Positions	0	0	0
Executive Positions	2	2	1
Overall Average Salary	\$64,354	\$64,354	\$62,334
Overall Median Salary	\$60,988	\$60,988	\$60,888

Financial Summary by Class - General Fund

	Fiscal 2015 Actual Obligations	Fiscal 2016 Original Appropriations	Fiscal 2016 Estimated Obligations	Fiscal 2017 Proposed Appropriations	Difference FY17-FY16
Class 100 - Employee Compensation	\$0	\$0	\$0	\$0	\$0
Class 200 - Purchase of Services	\$2,570,000	\$3,590,000	\$3,590,000	\$2,865,000	(\$725,000)
Class 300 - Materials and Supplies	\$0	\$0	\$0	\$0	\$0
Class 400 - Equipment	\$0	\$0	\$0	\$0	\$0
Class 500 - Contributions	\$0	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$30,068	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
TOTAL	\$2,600,068	\$3,590,000	\$3,590,000	\$2,865,000	(\$725,000)

Contracts Summary (as of December 2015)

	FY11	FY12	FY13	FY14	FY15	FY16*
Total amount of contracts	\$270,020	\$207,747	\$372,749	\$204,275	\$112,500	\$163,000
Total amount to M/W/DBE	\$85,000	\$85,000	\$236,500	\$113,375	\$72,500	\$72,500
Participation Rate	31%	41%	63%	56%	64%	44%

* as of December 2015

OHCD's FY17 participation goal is 25%.

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
PROPOSED BUDGET OVERVIEW**

PROPOSED FUNDING REQUEST

The proposed FY 2017 General Fund budget allocates \$2,865,000 in Class 200 to OHCD, a \$725,000 decrease from FY16 estimated obligation levels. This funding includes:

- \$2.39 million to support the vacant land stabilization and maintenance activities of the Philadelphia LandCare program, a reduction of \$550,000 from FY16 due to a one-time increase to support the cleaning of an additional 2,000 lots;
- \$345,000 to support North Central Choice neighborhood, in line with the City's FY17 commitment for the Choice grant;
- \$130,000 to support the Settlement Grant and Tangled Title Programs, level funding compared to FY16.

STAFFING LEVELS

OHCD has a full-time staff of 48. There are currently 4 vacancies. There was one new hire since January 2016, an African-American male.

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
PERFORMANCE, CHALLENGES AND INITIATIVES**

DEPARTMENT PERFORMANCE (OPERATIONS)

Performance Measures (<i>Mortgage Foreclosure Prevention Program</i>)	FY15 Actual	FY16 YTD (as of 12/31/15)	FY17 Target
Number of residential mortgage foreclosures diverted	1,178	461 (Total FY16 target: 1,200)	1,200
Number of clients (homeowners) receiving counseling	11,495	4,829 (Total FY16 target: 11,350)	11,350

Performance Measure (<i>LandCare Program</i>)	FY15 Actual	FY16 YTD (as of 12/31/15)	FY17 Target
Number of unique city lots greened and cleaned	8,713	8,898 (Exceeds FY16 target of 8,500)	8,500

Performance Measure (<i>Affordable Housing</i>)	FY15 Actual	FY16 YTD (as of 12/31/15)	FY17 Target
Number of Affordable Housing Units Created	219	213 (Total FY16 target: 325)	350

Performance Measure (<i>Basic Systems Repair & Weatherization Program</i>)	FY15 Actual	FY16 YTD (as of 12/31/15)	FY17 Target
Number of owner-occupied homes repaired (BSRP, Weatherization & Heater Hotline)	5,511	2,658 (Total FY16 target: 4,700)	4,700

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
OTHER BUDGETARY IMPACTS**

FEDERAL AND STATE (WHERE APPLICABLE)

One of the biggest challenges facing OHCD remains the significant reduction of approximately \$40 million in federal and state resources over the past ten years.

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT – CONTRACTING EXPERIENCE

**M/W/DSBE Participation on Large Contracts
FY16 Contracts**

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % and \$ Value Participation - All DSBEs	Local Business	Living Wage Compliant?
Tiger Productions	To provide assistance with the design and development of a wide range of public information materials.	\$72,500	3/5/14	7/1/15	MBE: Best Efforts	0%	\$0		Yes	Yes
					WBE: Best Efforts	100%	\$72,500	100%		
					DSBE: Best Efforts	0%	\$0	\$72,500		
Robert Lukens	To provide technical assistance/ non-profit capacity building to housing counselors.	\$30,000	N/A	7/1/15	MBE: N/A	0%	\$0		Yes	Yes
					WBE: N/A	0%	\$0	0%		
					DSBE: N/A	0%	\$0	\$0		
Econsult Solutions Inc	To provide technical assistance in the form of workforce development analysis of the North Central Choice Neighborhood.	\$30,500	N/A	3/1/16	MBE: N/A	0%	\$0		Yes	Yes
					WBE: N/A	0%	\$0	0%		
					DSBE: N/A	0%	\$0	\$0		
Reese Fayde & Assoc	Strategic planning, meeting facilitation, technical information, written materials, coaching and liason between OHCD and HUD as part of the Choice Neighborhoods	\$30,000	N/A	10/1/15	MBE: N/A	0%	\$0		No	Yes
					WBE: N/A	0%	\$0	0%		
					DSBE: N/A	0%	\$0	\$0		

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT – EMPLOYEE DATA

Staff Demographics (as of January 2016)

	<i>Full-Time Staff</i>			<i>Executive Staff</i>	
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	6	18	<i>Total</i>	0	0
<i>% of Total</i>	12.8%	38.3%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$60,811	\$61,469	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$60,728	\$58,791	<i>Median Salary</i>	\$0	\$0
	White	White		White	White
<i>Total</i>	7	6	<i>Total</i>	0	1
<i>% of Total</i>	14.9%	12.8%	<i>% of Total</i>	0%	100%
<i>Average Salary</i>	\$71,957	\$65,595	<i>Average Salary</i>	\$0	\$115,635
<i>Median Salary</i>	\$72,207	\$67,818	<i>Median Salary</i>	\$0	\$115,635
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	2	7	<i>Total</i>	0	0
<i>% of Total</i>	4.3%	14.9%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$65,408	\$45,546	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$65,408	\$34,295	<i>Median Salary</i>	\$0	\$0
	Asian	Asian		Asian	Asian
<i>Total</i>	1	0	<i>Total</i>	0	0
<i>% of Total</i>	2.1%	0%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$61,088	\$0	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$61,088	\$0	<i>Median Salary</i>	\$0	\$0
	Other	Other		Other	Other
<i>Total</i>	0	0	<i>Total</i>	0	0
<i>% of Total</i>	0%	0%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$0	\$0	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$0	\$0	<i>Median Salary</i>	\$0	\$0
	Bi-lingual	Bi-lingual		Bi-lingual	Bi-lingual
<i>Total</i>	1	3	<i>Total</i>	0	0
<i>% of Total</i>	2.1%	6.4%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$77,437	\$53,884	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$77,437	\$60,063	<i>Median Salary</i>	\$0	\$0
	Male	Female		Male	Female
<i>Total</i>	16	31	<i>Total</i>	0	1
<i>% of Total</i>	34.0%	66.0%	<i>% of Total</i>	0%	100%
<i>Average Salary</i>	\$80,892	\$58,672	<i>Average Salary</i>	\$0	\$115,635
<i>Median Salary</i>	\$72,207	\$57,518	<i>Median Salary</i>	\$0	\$115,635

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT
APPENDIX (Other Relevant Data and Charts)**

Number of Bilingual Employees (as of January 2016)

	Spanish	
Contract Administration	3	
Communications	1	
Total - All Divisions	4	
Total - # of Bilingual Employees		4
Total - # of Languages Spoken		1